



“Preparing for the next wave of investment in oil and gas exploration”

Robbert de Weijer, CEO

UGAS - Unconventional Gas Conference

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ASX:AJQ



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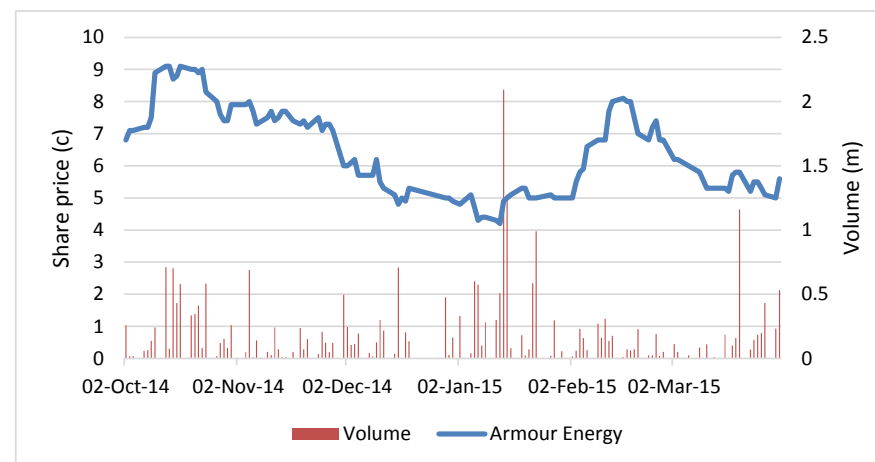
Raymond L Johnson Jr., Reservoir Development Specialist for Armour Energy, is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the resource figures in the form and context in which they appear in this presentation.

Current cash position is sound – with preference to fund next stage exploration by partnering

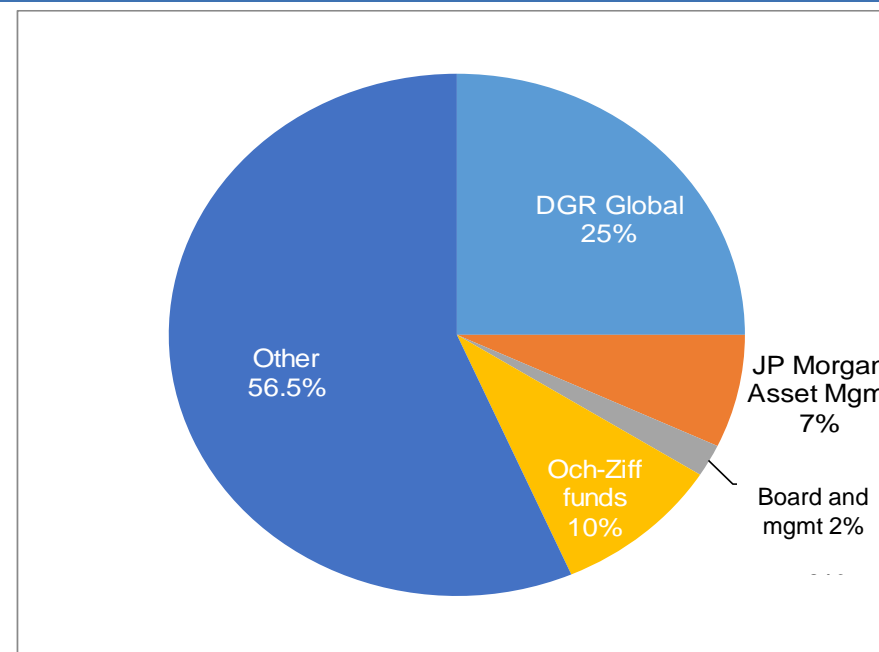


Key statistics	
ASX ticker	AJQ
Issued shares	303.1m
Market cap (@ 5.6c)	\$17m
Headcount (FTE)	5
Cash (31-Dec-14)	\$1.5m
R&D cash rebate received (net of costs)	<u>\$9.1m</u>
	\$10.6m
Shares in Lakes Oil (18.9% @ 0.3c)	\$6m
No. of permits (NT, QLD)	19
Total acreage (NT, QLD)	139,000 km ²
Granted acreage (NT, QLD)	60,500 km ²

Share price performance – last 6 months



Shareholder split



What is Armour doing? Preparing for the next wave of investment in oil and gas exploration



The market opportunity is building

- ▶ Asian LNG demand growing strongly
- ▶ QLD LNG export is almost upon us – gas market upheaval
- ▶ The north west QLD market needs Armour gas
- ▶ NT to East Coast link gaining momentum

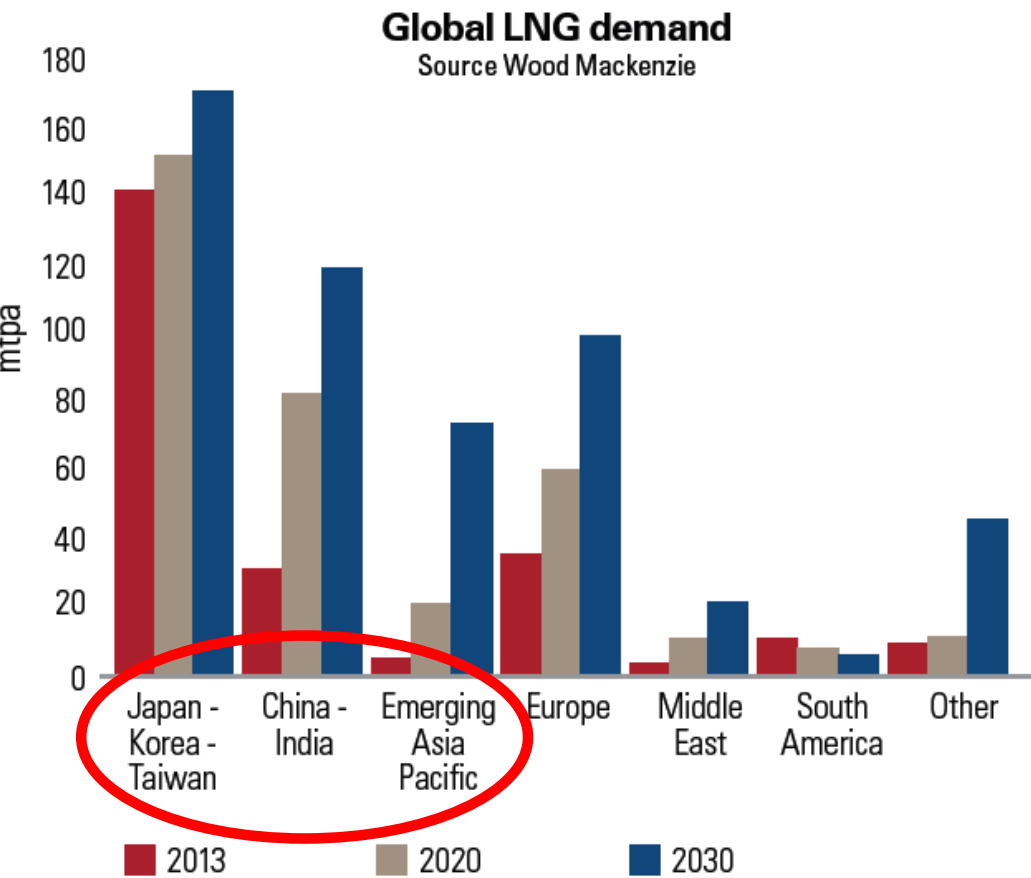
Assets secured ahead of time, very positive results

- ▶ 34 million acres – 100% owned
- ▶ Whole basin positions – key for new unconventional plays
- ▶ Results indicate potentially massive new shale gas play

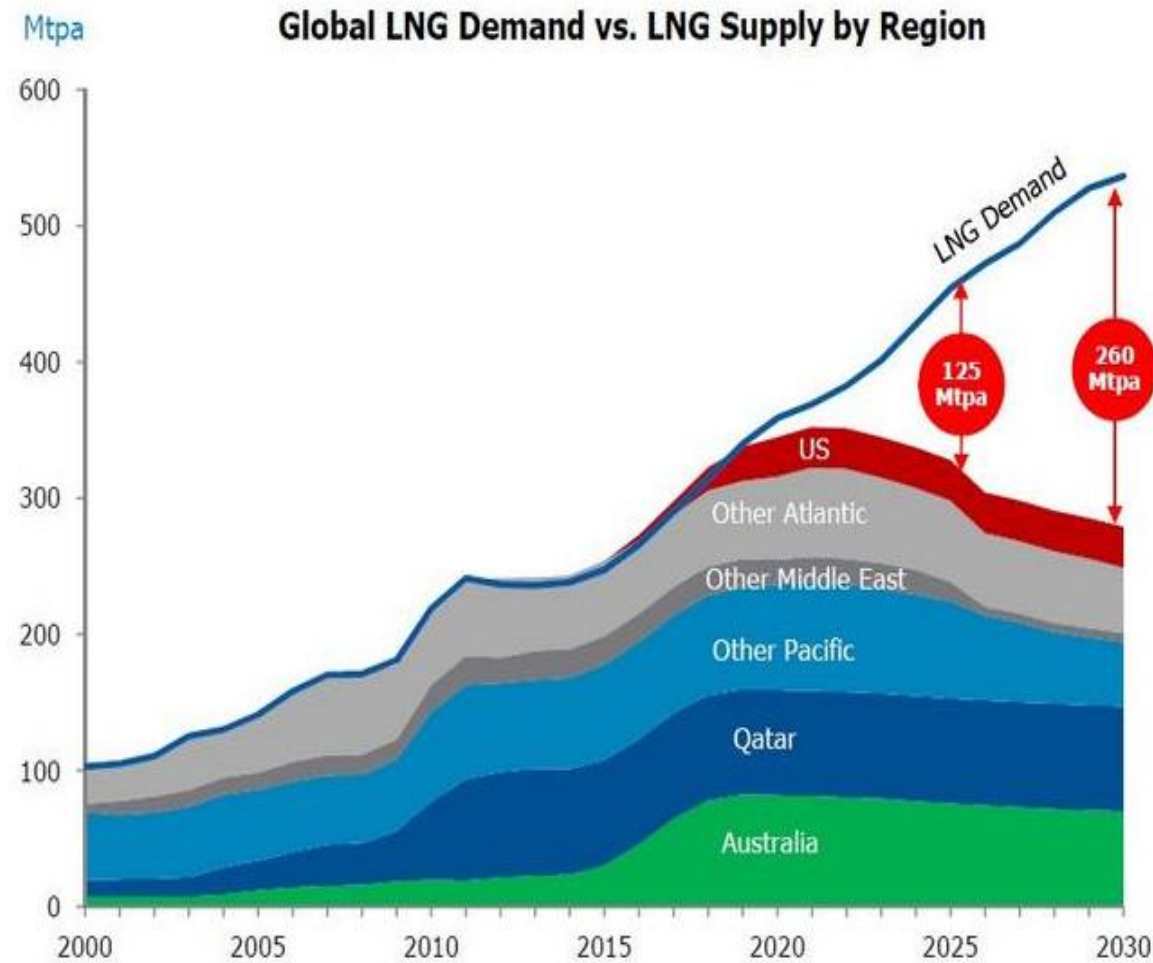
Working on a sustainable company platform

- ▶ Prudent capital management – cash and issued capital
- ▶ Focus on tenure security
- ▶ Low work commitments
- ▶ Positioning for inevitable shifts in gas and capital markets

Significant unmet LNG demand exists post 2020



Source: Woodside

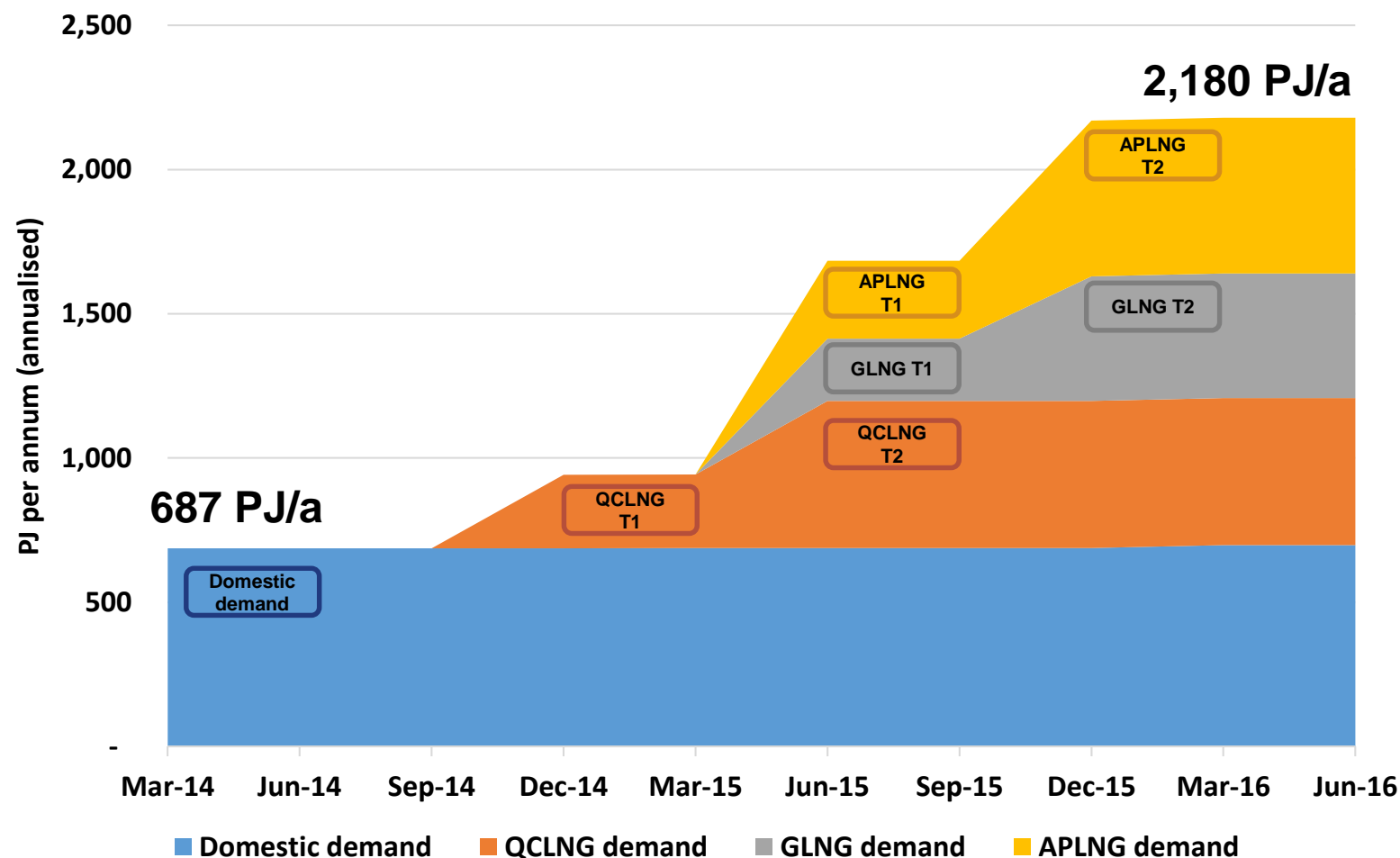


Source: Santos

Australian east coast market is undergoing rapid change

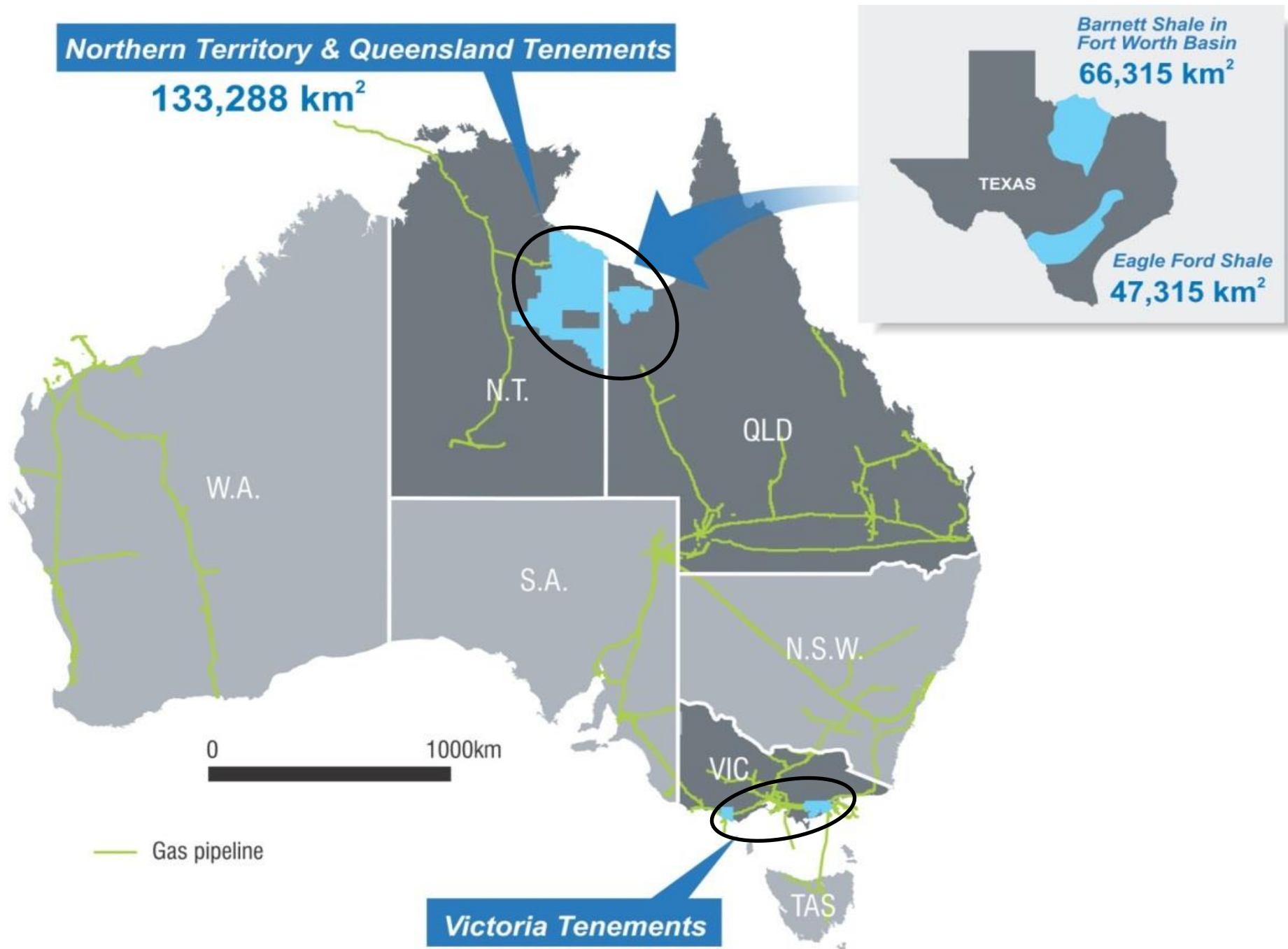
LNG exports will send price signals to east coast market participants as gas demand triples – tightening capex budgets may exacerbate likely supply shortfalls

East coast – gas demand outlook



The Australian Financial Review - 18-Feb-2015

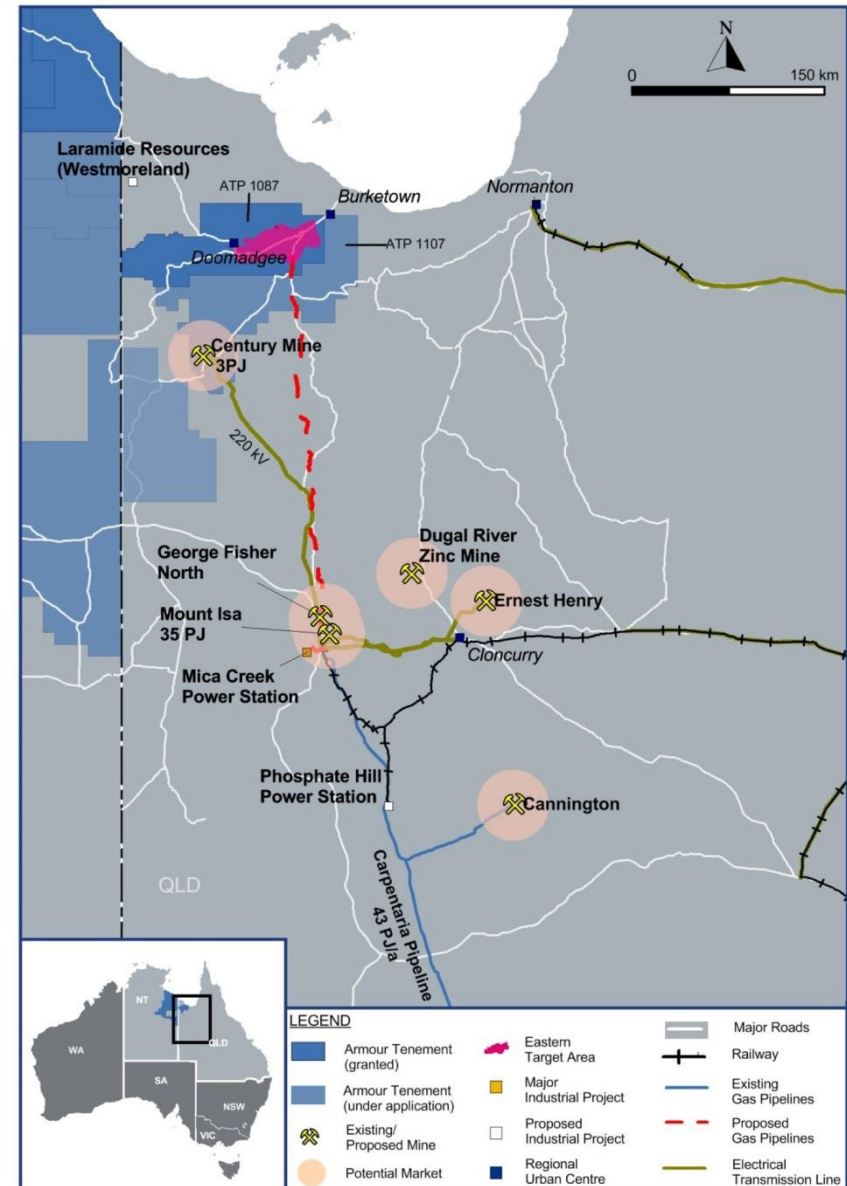
Acreage portfolio – scale, 100% owned, proven petroleum systems, large independently certified prospective resource



The north west Queensland minerals province needs Armour gas

- ▶ Gas about to become more scarce and prices are rising
- ▶ Pressure on existing industrial business models, and feasibility for future projects
- ▶ The market will welcome a major new source of energy in the region
- ▶ Armour has signed two (2) gas sales MOUs in 2014:
 - ✓ MMG Century: 7-9PJs pa
 - ✓ AEON Metals: 1-2PJs pa
 - ❑ Other discussions ongoing

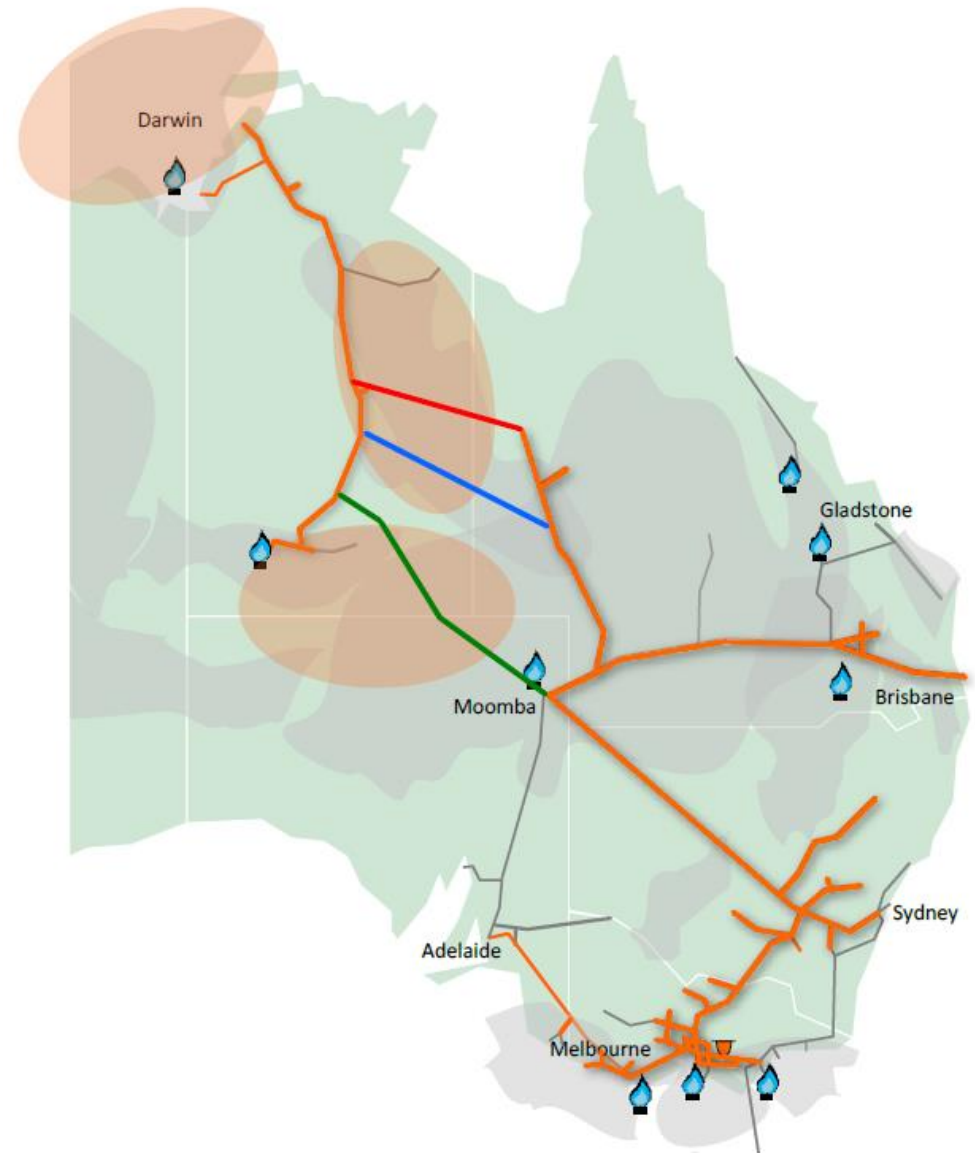
NW QLD mineral province



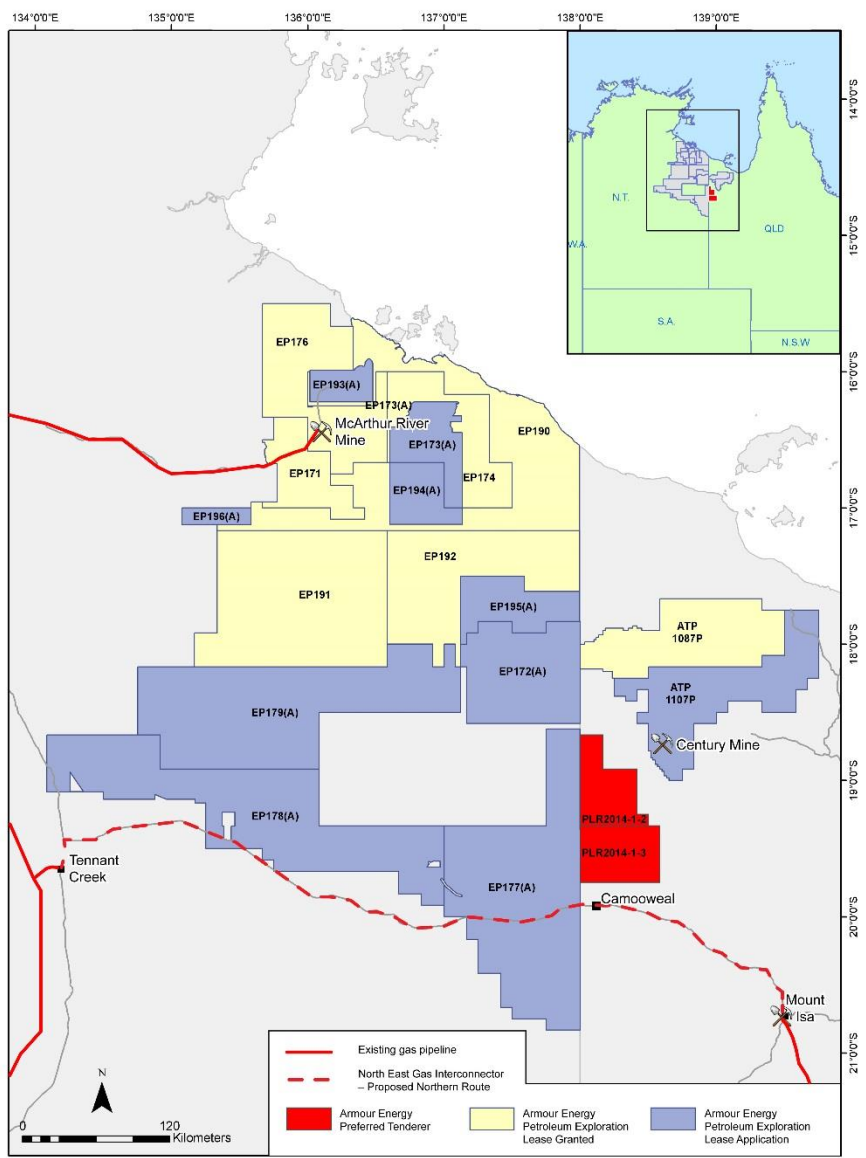
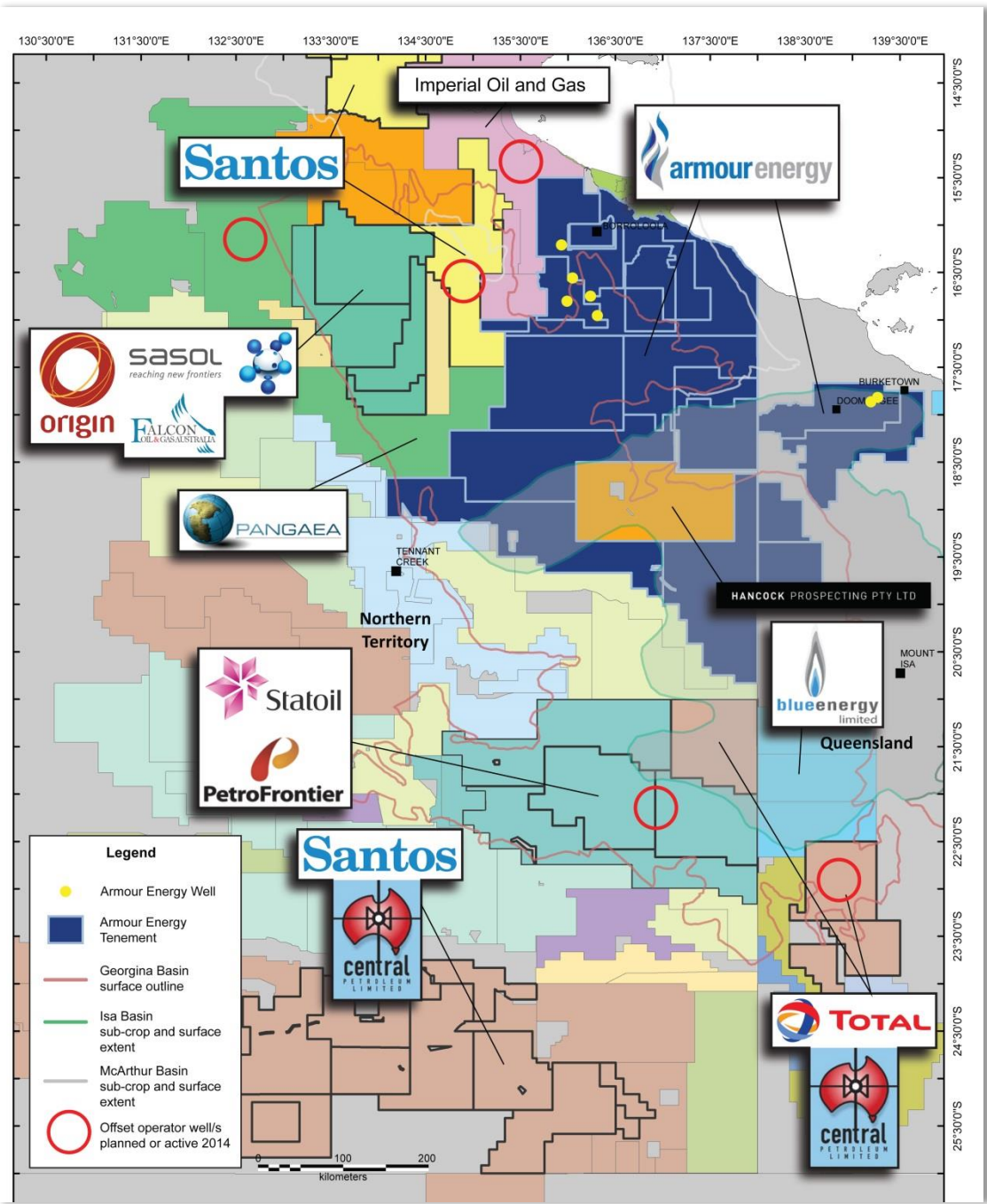
North East Gas Interconnector – Very positive for upstream gas players in the NT

- ▶ Granted Major Project Status by the NT Government
- ▶ MOU signed between NSW and NT Governments
- ▶ Shortlist of bidders announced and successful proponent announced ~ Q3 '15:
 - ▶ APA Group;
 - ▶ DDG Operations (Duet);
 - ▶ Merlin Energy Australia;
 - ▶ SGSP Assets (Jemena)
- ▶ Strong federal government support
- ▶ Northern route traversing Armour's tenements

APA proposed NT Pipeline Routes

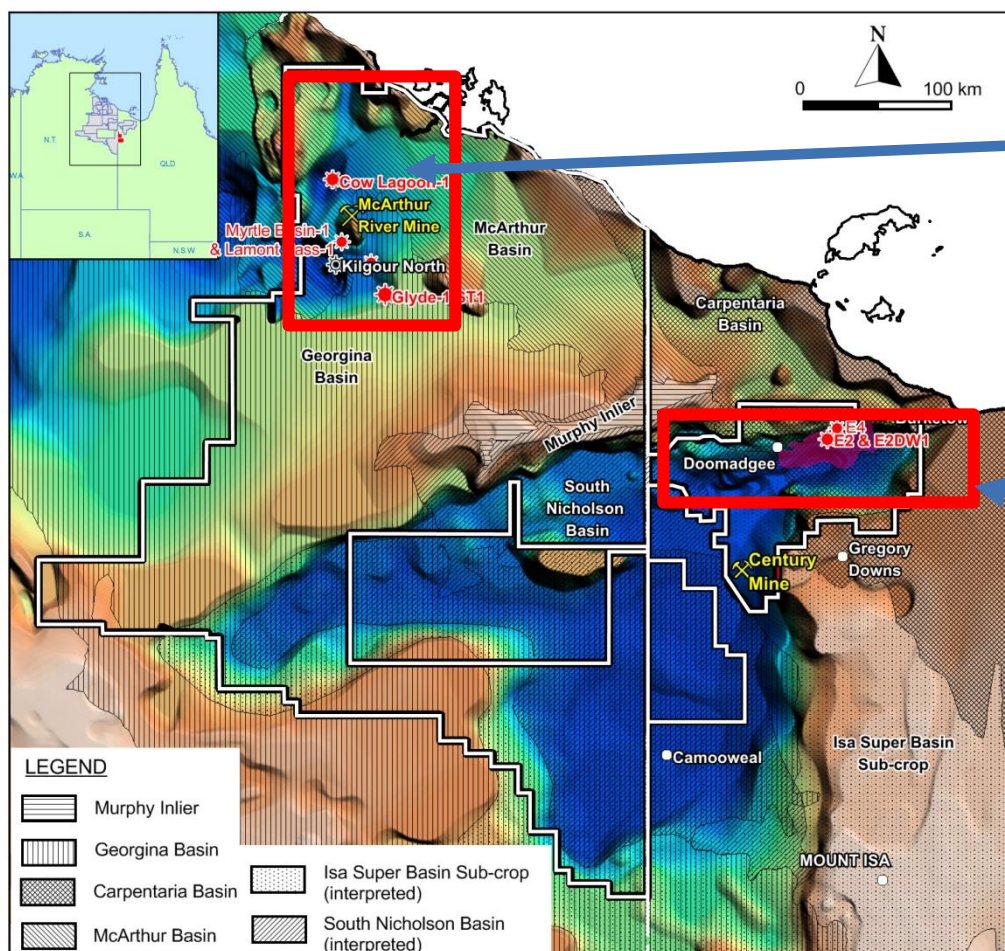


Major players have already started to move into the Territory



Armour's NT and QLD tenements granted (yellow) under application (blue) and preferred tenderer (red)

Tenure covers multiple sedimentary basins across QLD and NT; high quality and liquids potential



Prospective resources ⁽¹⁾:

13.0TCF gas
1,252 MMbbl condensate

Contingent resources (Bcf) ⁽²⁾:

1C	2C	3C
2.4	6.0	10.3

Prospective resources ⁽¹⁾:

18.7TCF in ATP1087*

Contingent resources (Bcf) ⁽²⁾:

1C	2C	3C
33.1	154.4	364.0

⁽¹⁾ Best estimate prospective resource: 13.0TCF in EP171/EP176, 18.7TCF in ATP1087, MBA 2012 (excludes Riversleigh Shale)

⁽²⁾ SRK Consulting, Nov 2013 and July 2014

Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

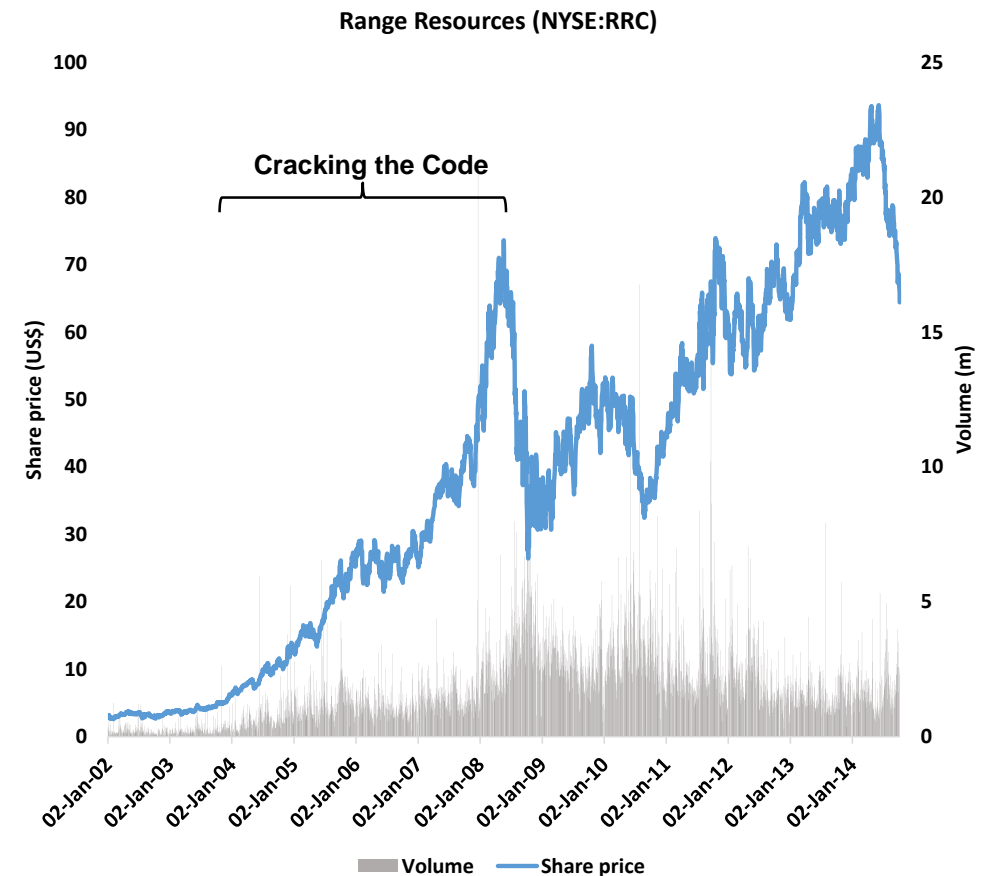
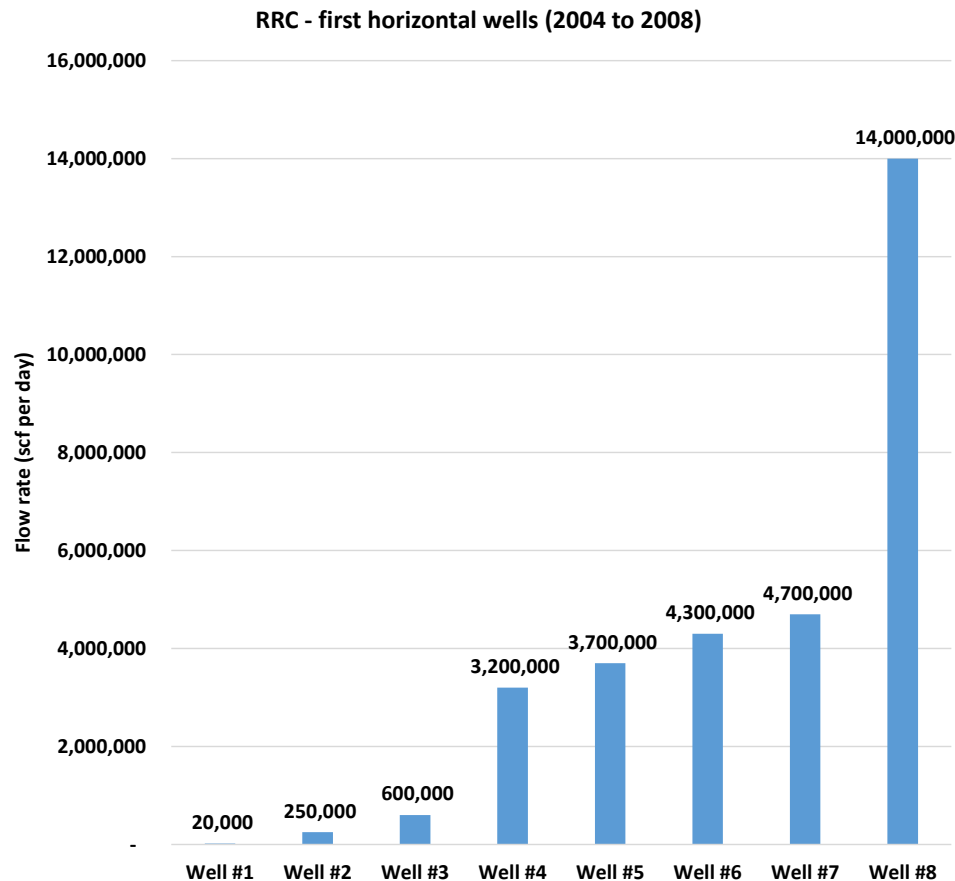
Armour is building a track record of exploration success with low social impact and prudent HSE management



Case Study: “Cracking the Code” – Range Resources Corporation



Range Resources pioneered the Marcellus shale, which now produces more shale gas in the US than any other play.



Source: Range Resources (Range's Path to Discovery and Commercialisation of the Marcellus Shale – The Largest Producing Gas Field in the US, Jeffrey Ventura (CEO), 29 July 2013)

QLD ATP1087 results indicate very strong shale play potential

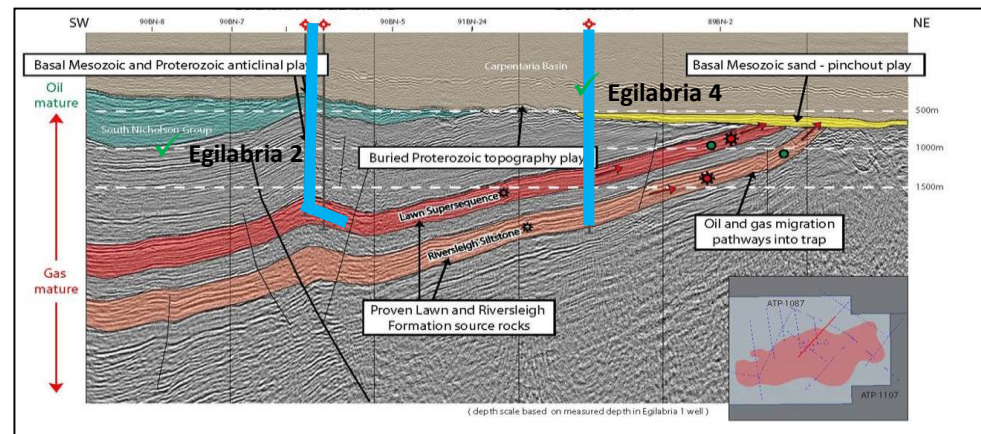
- ✓ Large volumes of gas
 - >18.7 TCF prospective resource⁽¹⁾
 - 364 BCF 3C over 64 km²⁽²⁾
- ✓ Modest work commitments
- ✓ Total organic carbon (TOC) content - world class
- ✓ Excellent gas composition
- ✓ Brittle (fraccable) shales
- ✓ Stacked play
- ✓ Gas on - and off structure
- ✓ Multiple, large shale fairways
 - Lawn 1,500 km²
 - Riversleigh 4,000 km²
- ✓ At favourable depth intervals
 - 1,500 – 3,500m

(1) Best estimate prospective resource: 18.7TCF in ATP1087, MBA 2012 (excludes Riversleigh Shale)
 (2) SRK Consulting, July 2014

World class TOC eg. Marcellus Shale (USA)	Armour Energy TOC Lawn/Riversleigh Shale
>5%	Up to 11%

Methane	Ethane	CO ₂	Helium	Other inerts
90%	0.5%	2%	1% ⁽¹⁾	6.5%

(1) Gas isotubes taken while drilling showed **up to 6% helium**



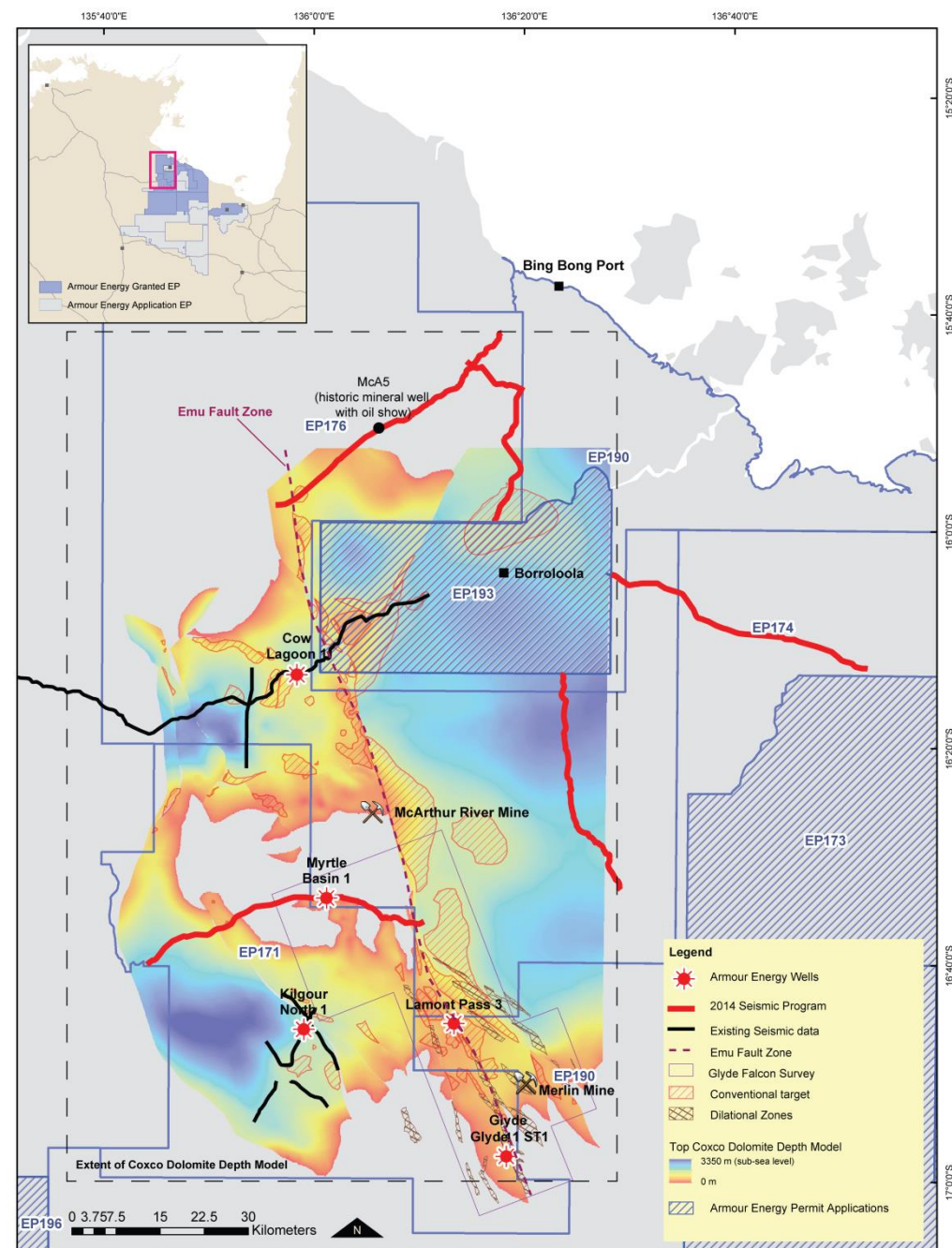
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Conventional play:

- Plans going forward include further surveying work followed by drilling a number of Glyde-1 like targets.

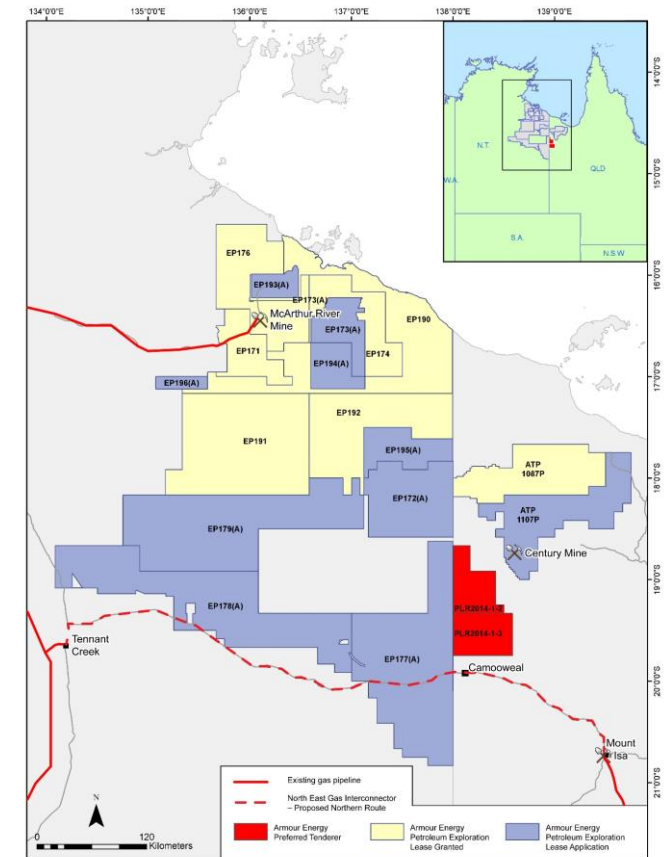
Unconventional play:

- Multiple large potential unconventional oil and gas depot centres identified
- Planned 2D seismic work will allow to pick drilling targets to test multiple shale formations.
- Emerging Tawallah Group source rocks underneath MacArthur Group
 - Wollogorang and McDermott Shales (up to 6% TOC)
 - CSIRO geochemistry study has confirmed oil and gas generative potential
 - Twice the extent of the overlaying Barney Creek Shale & up to 1500 m deeper



Maintaining Armour's tenements in good standing

- ▶ Total of 21 oil and gas tenements
 - 15 in NT, 4 in QLD and 2 in VIC
 - 63,373 km² granted QLD / NT (46%)
 - All in good standing, with very manageable work commitments
- ▶ Queensland
 - Positive government tenure reforms
 - ATP1087 extended to 31/12/2018 and program variation granted
 - Two (2) new blocks awarded
- ▶ Northern Territory
 - Strong government support for industry
- ▶ Victoria
 - Waiting for moratorium on onshore exploration to be lifted

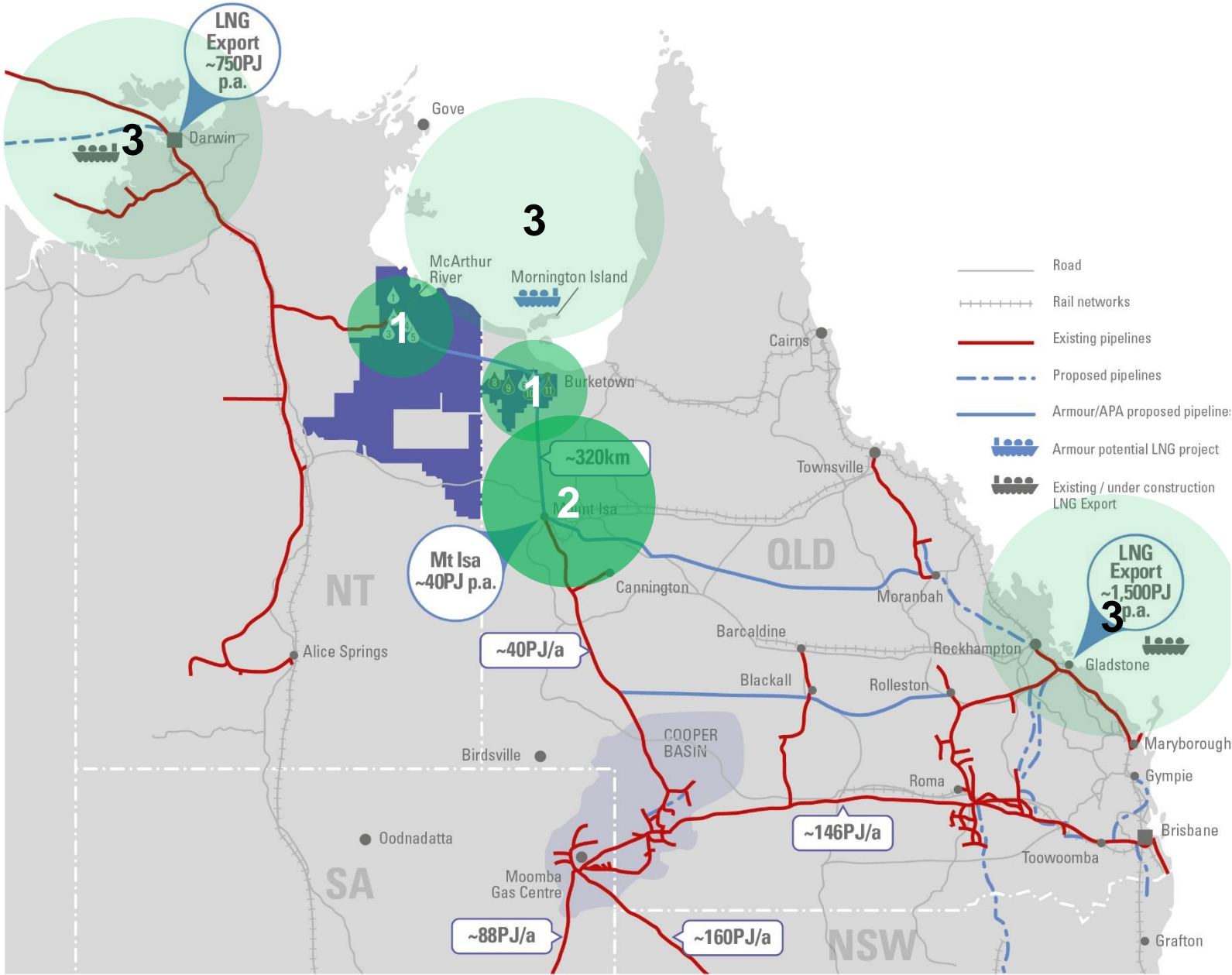


Armour's NT and QLD tenements

- ▶ G&A⁽¹⁾ costs reduced by 45% compared to Nov 2013
- ▶ Cash on hand at 31 Dec '15 was \$1.5m + R&D rebate \$9.1m + \$6m Lakes Oil shares
- ▶ Low work commitments
- ▶ No material share issues since IPO in 2012
- ▶ Strategy remains to fund future activity programme through a farmout

⁽¹⁾ G&A includes overheads and administration costs (office rental, travel etc), director fees, fees to consultants, employment expenses, insurances, marketing costs and regulatory expenses (accounting fees, ASX fees, share registry fees).

Staged commercialisation, short and long term optionality





Thank you

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